DOCUMENT RESUME

ED 366 403 JC 940 127

TITLE	Mobilizing for Competitiveness: Linking Education and Training to Jobs. A Call to Action from the California Business Roundtable. Summary.
INSTITUTION	BW Associates, Berkeley, CA.; California Business Roundtable.
PUB DATE	Jan 94
NOTE	121p.
PUB TYPE	Viewpoints (Opinion/Position Papers, Essays, etc.) (120)
EDRS PRICE	MF01/PC05 Plus Postage.
DESCRIPTORS	Academic Standards; Adult Basic Education; Community Colleges; Degrees (Academic); Educational Economics; *Educational Legislation; Educational Technology; Elementary Secondary Education; Higher Education; *Job Training; *School Business Relationship; *Statewide Planning; Two Year Colleges
IDENTIFIERS	*California

ABSTRACT

Prepared by the California Business Roundtable to help mobilize public and practice action in California, this report offers a vision for a comprehensive education and training system suited to the 21st century and proposes goals and strategies for its implementation. The report provides a framework for viewing K-12 education, community colleges, the University of California, the California State University, other postsecondary institutions, and job training programs as part of a single system that should be closely linked to employment. The first section of the report outlines the educational and economic problems currently facing California, including the lack of a coordinated education and training system, the failure of reform to keep pace with the need for change, and the insufficient involvement of education in economic restructuring. The next section presents a vision of a seamless system of lifelong education and training that offers every Californian the opportunity to learn basic skills and habits of mind that are the foundation for successful careers and full participation in our society. Next, three goals and related strategies are set forth: (1) create a coherent education and training system by establishing an education and economic development council, a legislative master plan, an infrastructure of certificates and degrees, organized adult basic education, and a system of one-stop services; (2) upgrade education and training to world-class standards by setting standards, shifting to performance-based accountability, accelerating K-12 reform, innovating at community colleges, and integrating technology for learning; and (3) mobilize higher education and generate resources to support a business shift to high skills and high wages. The final section offers a summary of goals, strategies, and policy options. (AC)

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Mobilizing for Competitiveness

Linking Education and Training

SUMMARY

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A Call for Action from The California Business Roundtable

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MOBILIZING FOR COMPETITIVENESS

Linking Education and Training to Jobs

A Call for Action from
The California Business Roundtable

SUMMARY

January 1994

Prepared by BW Associates
Paul Berman, Project Director

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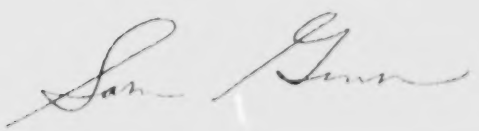
LETTER TO THE PUBLIC

In 1992, Governor Wilson formed a non-partisan Council on California Competitiveness, chaired by Peter Ueberroth, to issue a report on what must be done to make California competitive. The report sounded an alarm about the state's future. It called for decisive action to stop the erosion of lost jobs in California and to begin a process of restoring confidence in the state's economy. A section of that report focused on education and training, a subject that has been a principal concern of the California Business Roundtable, the Chief Executive Officers of 80 of California's largest corporations, for over a decade. As CEO's, we know education and training are essential to California's economic prosperity and vitality. We have prepared this follow-up report to help mobilize public and private action for California to develop a world-class education and training system linked to economic development and jobs.

Action must be taken promptly. Californians must now come together to make the hard decisions that better times often allow to be postponed. It is time for the state to rally behind a vision of its economic future, and to set the priorities that can make such a shared vision a reality.

This report, which summarizes a longer volume, offers a vision for a comprehensive education and training system suited to the 21st century, and proposes goals and strategies for its implementation. The report provides a framework, rather than a detailed blueprint, for viewing K-12 education, community colleges, the University of California, the California State University, other postsecondary institutions, and job training programs as part of a single system that should be closely linked to employment. It is intended to stimulate collaborative discussions followed by action. The Roundtable is pledged to participate in these discussions, act where business has the responsibility to change, and work with all interested parties to secure appropriate legislation and administrative action.



Sam Ginn
Chair, The California Business Roundtable
Chairman and CEO, Pacific Telesis Group

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ACKNOWLEDGMENT

The California Business Roundtable wishes to express its appreciation to the many government, education, labor, and business leaders throughout the state who provided invaluable advice to this study, attended briefings about the report's analysis and recommendations, or commented on various drafts of the summary.

Dr. Paul Berman directed the study. BW Associates staff members who worked on the report were Nicole Maestas, Beryl Nelson, Sanjay Santhanam, Kate Woodworth, and Daniel Weiler. Additional contributions were made by Charles Dayton, who worked with economists throughout the state to develop a summary of the state's economic conditions, and Dr. Alan Weisberg of Foothill Associates.

The views expressed in this report are solely those of the California Business Roundtable.

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The Challenge

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The Time for Action

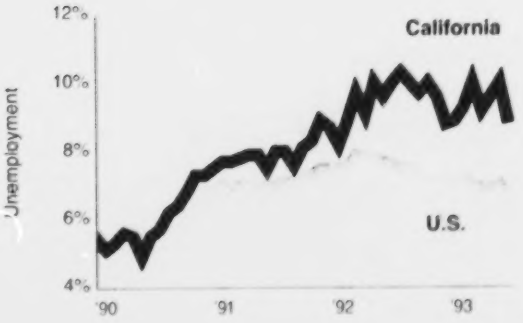
The world's economy is changing. So must California's. The state is mired in a prolonged recession whose sources run deeper than the usual waves of economic ups and downs. Our past unemployment figures have generally followed national trends, but during the nineties California's economic indicators have turned sharply downward. The state's unemployment has exceeded national levels by about two percentage points or more for almost three years. During this time, jobs have been lost at an alarming rate—we have lost over 600,000 jobs since 1990. This employment picture shows few signs of sustained recovery, particularly compared to the state's previous rebounds from recessions.

Lost jobs result partly from companies moving to neighboring states where they feel welcome and can take advantage of a more positive business climate. Some 200,000 jobs left California for other states last year. The state cannot afford this hemorrhaging. It takes about three average taxpayers to generate the taxes needed to support the education of one child and about seven to support a welfare recipient. As jobs have been lost, state revenues have gone down and California's quality of life has eroded. Among other things, a more sensible worker's compensation system, the streamlining and removal of excessive regulations, and tort reform are all necessary to lower the cost of doing business in California, stem the outflow of jobs, and restore state revenues that decline as jobs are lost.

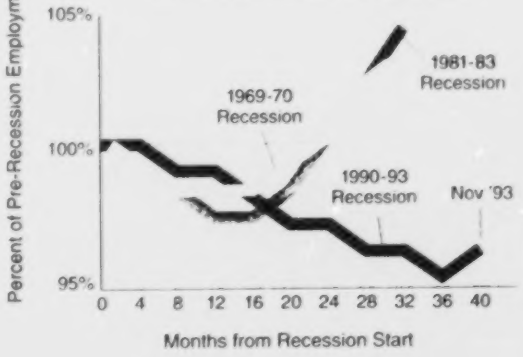
But being competitive in a global economy requires more fundamental change—an economic restructuring that creates high value-added jobs. The state must restructure its economy for several reasons.

First, employment in defense-related industries declined by 17 percent last year, and almost one-quarter of a million workers have lost their jobs during the past three

California Unemployment Rate Has Been One-Third Higher than U.S.



Unlike Past Slumps, Lost Jobs Have Not Returned in California



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An economic recovery strategy requires a parallel education and training strategy, one which develops highly skilled workers at all levels.

years. In Los Angeles County, which is six times as dependent on defense jobs as the national average, the rate of job loss in the core aerospace industries exceeded 25 percent in the first quarter of 1993. Many laid-off workers have been forced to accept employment at salaries far below their industry average of $47,000 per year. Over one-third of them will need intensive retraining to find employment. From a long-term perspective, they need to learn new and often more demanding skills in different industries that are competitive in a global economy.

Three other trends are more pervasive across the whole economy: businesses are downsizing to reduce costs and increase competitiveness; companies are introducing technology that replaces entry-level employment; and manufacturing jobs are being lost to lower skilled service jobs.

These structural problems in our economy cannot be solved unless determined public and private actions are taken. We cannot compete by following a low skill, low wage strategy because the low wage nations of the world can always make their products for less.

To be competitive, the California economy must match and exceed the productivity growth of our European and Asian competitors, and we must capitalize on our human resources by employing highly skilled workers at higher wages to generate value-added, quality products and services with minimal environmental impact. The most successful American companies have adopted this strategy, becoming less bureaucratic, introducing new technologies, and relying on the skills, creativity, and problem solving abilities of their front-line employees. California's sustained recovery lies in fostering these high-performance businesses.

Such an economic recovery strategy requires a parallel education and training strategy, one which develops highly skilled workers at all levels, is geared to continuously upgrade worker skills, and retrains people in response to new markets and new technologies.

Education and Training Today

California has rich and varied education and training services, constituting solid building blocks for an outstanding system: an elementary and secondary education system seeking to implement fundamental reform; the world's largest community college system with 107 campuses in communities across the state; renowned colleges and universities; community-based organizations sensitive to local job training needs; and cutting-edge companies determined to maintain their international preeminence. Moreover, the state's K-12 system, community colleges, and Employment Development Department have begun the massive undertaking of cross-institutional collaboration. They have developed some exemplary programs that allow students to progress smoothly from

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high school to community colleges to employment.

Yet, this entire "system" is in a crisis of having to do more and better for less—a challenge that has sparked major efforts to restructure California education. One in five students do not complete high school, almost two out of three community college students need remediation in reading, writing or computational skills; only one out of six high school graduates earns a Bachelor's degree; over 40 percent of those applying to join the armed forces score at the eighth grade level or lower in literacy skills.

These shortcomings of today are serious barriers to the development of a competent workforce, but the demands on tomorrow's workers will raise the stakes still higher.

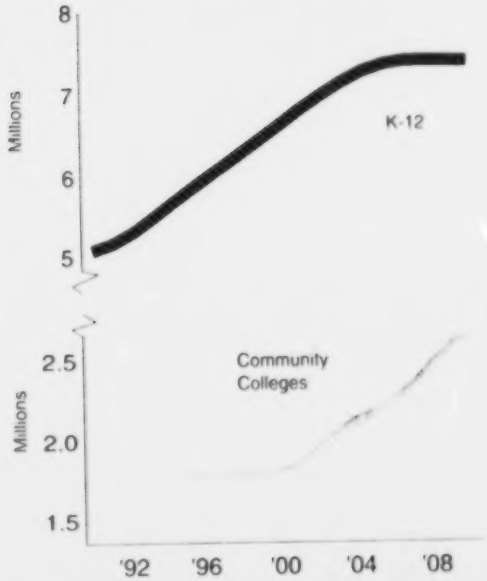
The rapidity of technological change requires public schools, colleges, and training programs to adopt higher standards for all students. These standards must be set at a world-class level for students to be successful in the global economy of the 21st century.

Standards must be raised even though public education is being squeezed from two sides. On the one hand, the number of students projected to enroll in elementary, secondary and postsecondary institutions continues to rise a third faster than the general population, and these students are from an increasingly more ethnically diverse population. Postsecondary enrollment pressures will also increase due to military downsizing and the subsequent reduction in training provided by the armed forces.

On the other hand, the state's falling and limited revenues mean less money is available even to provide for enrollment growth, much less to support higher standards and improved educational quality.

However, additional funding alone would not meet the challenge of developing a highly skilled workforce, because education and training also has the following deep structural problems:

Public School Enrollments Will Continue Their Dramatic Rise



Student Diversity Will Continue to Increase

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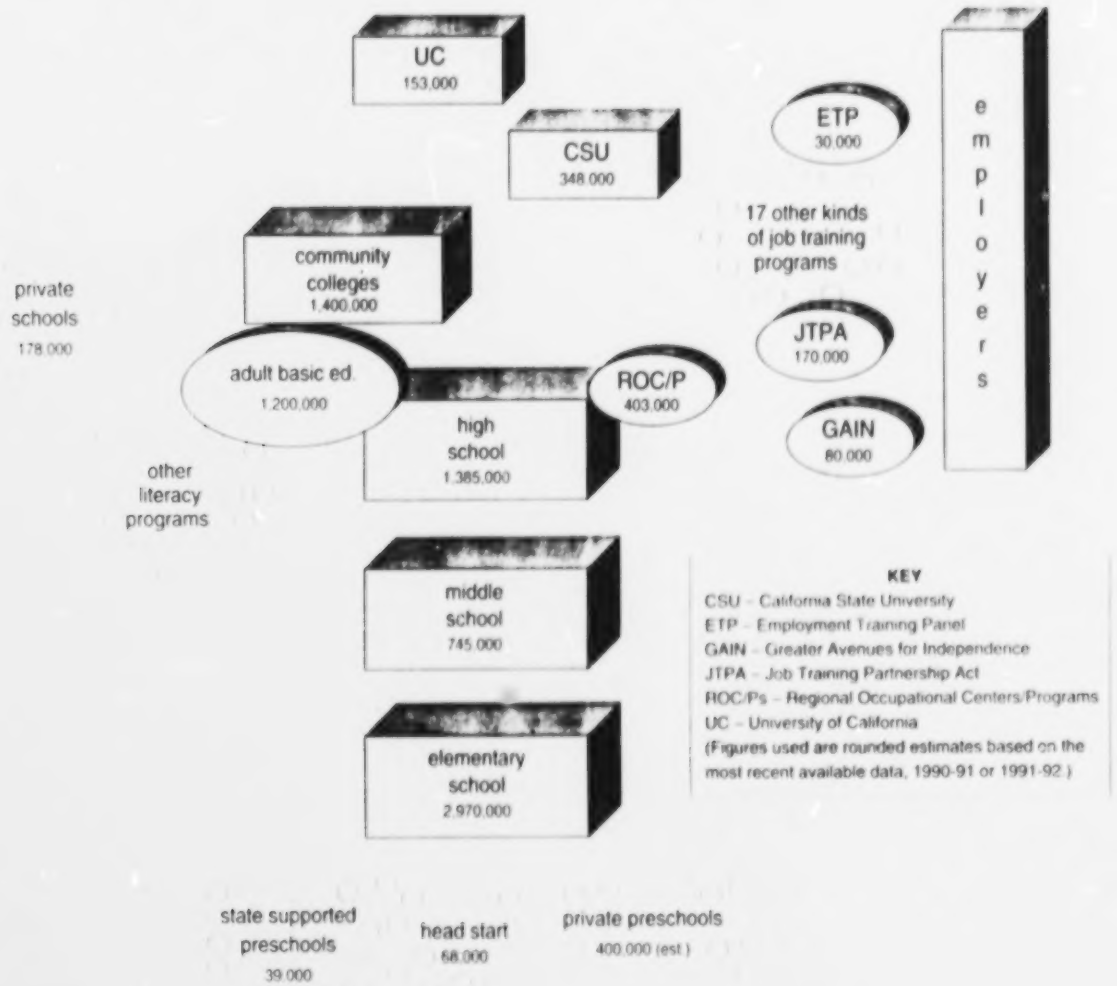
California's Fragmented Education and Training

(Estimated # Students or Clients Served)



1. Education and Training Is Not a Coordinated System. Education and training is provided by a complex maze of public and private institutions and programs, funded by federal, state, and local sources. It consists of a patchwork of overlapping and redundant programs and schooling. Approximately $32 billion is spent on public education and training of which about $3 billion is spent on 23 kinds of vocational education and job training programs. These educational institutions and job training programs operate under different constitutional and statutory authorities. Despite numerous coordinating boards, California has neither an overarching authority nor an overall State direction, plan, or system that guides these programs and sets priorities among them. At the local level, educational institutions and training programs are seldom coordinated and are rarely connected to business and labor. Moreover, local providers must cope with federal and state regulations that often are

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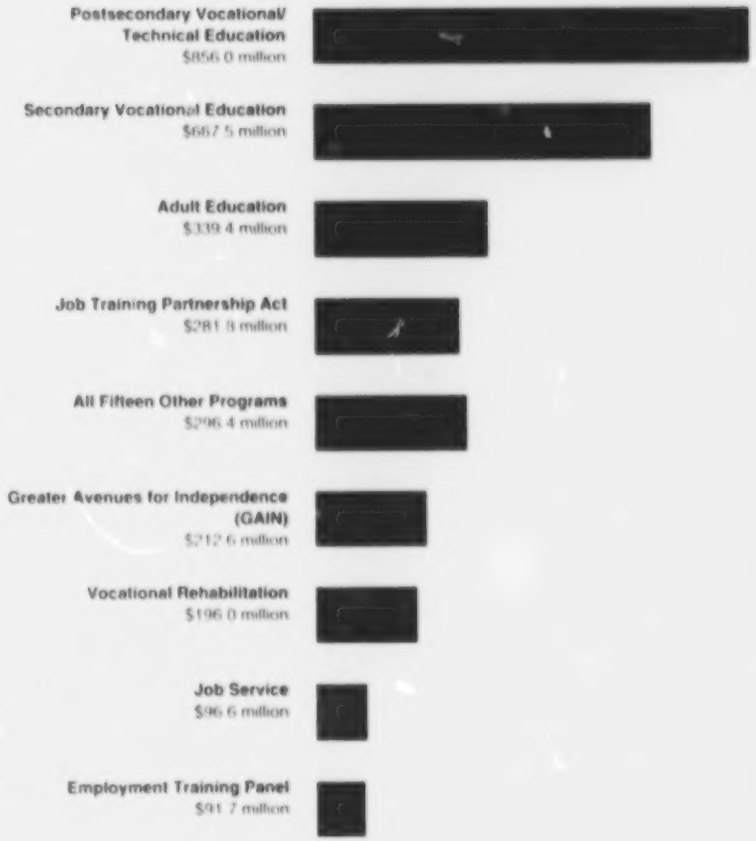
costly and can hinder cooperation. Local bureaucracies have grown, and political maneuvering and "turf" struggles have often prevented the coordination and integration of services.

2. Reform Has Not Kept Pace with the Need for Change. California has many examples of effective education and training, but these successes are exceptions. Ineffective programs, using outmoded teaching techniques, are more the norm. The State lacks a system of accountability based on results. Absent such accountability, success cannot be rewarded and ineffectiveness cannot be eliminated. Moreover, clear standards generally do not exist to tell students what they are expected to learn in order to launch a career and follow a lifelong progression to higher skills. Without these standards, educators, trainers, and program directors do not have adequate guidance to develop curriculum. Consequently, they cannot be held accountable for what is really important—how well students learn. Compounding these difficulties, schools, colleges, and training programs seldom see themselves as connected elements in a career ladder leading to advanced education and hi, h skill, high wage occupations. Thus, all too many Californians are being prepared only for low skill jobs at low wages.

3. Education Is Not Sufficiently Involved in Economic Restructuring. California must restructure its economy and its public educational institutions can help in this effort. Only a small proportion of businesses have become high performance organizations, and few have invested in the training that is needed for their front-line workers to make this change possible. Educational institutions are well-positioned to provide assistance to business and to individuals within companies. However, despite many outstanding exceptions, the link between public education and business is tenuous. The State has no general policy to leverage public education's outstanding capacity

Spending on Vocational Education and Training Is Dispersed Over 23 Programs (1992)



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■ ***The Structural Problems***

1. Education and training is not a coordinated system.
2. Reform has not kept pace with the need for change.
3. Education is not sufficiently involved in economic restructuring.

■ ***The Potential***

California is poised on the edge of a fundamental reshaping of its education, training, and employment services that will link them to economic development.

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and focus it on advancing economic development.

These three structural problems of California's education and training—combined with the state's explosive enrollment growth, multiplying diversity, urgent need to introduce higher standards, and limited budget—pose daunting challenges. The state has the necessary talent and educational building blocks to develop a literate society and a highly skilled workforce, but these resources must now come together to form a solid foundation for our economic and social future.

The Roundtable believes California is poised on the edge of a fundamental reshaping of its education, training, and employment services that will link them to economic development. The current crisis in our economy and society may force the state to make the hard decisions needed to meet today's realities and tomorrow's demands. By doing so, California can lead the nation in developing a new era of economic and social vitality.

The Vision

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A Seamless System of Lifelong Education and Training

California's educational institutions and job training programs were developed to meet the needs of an earlier era and a different population. The key to planning for the future lies in obtaining consensus among policy makers and the public about a new vision, based on contemporary economic and social realities, of how the state's education and training should evolve. The following discussion sketches the Roundtable's sense of this vision.

The state's educational institutions, job training programs, and employment services should be molded into a *coherent, fully interconnected, and adaptable education, employment, and training system* in which the public and private sectors cooperate to assure the state's economic and social future.

In this new system, each and every Californian should have the opportunity to learn basic skills and habits of mind that are the foundation for successful careers and full participation in our pluralistic society—reading, writing, calculating, communicating, working with people from different ethnic and cultural backgrounds, scientific reasoning, critical thinking, adaptability to change, computer literacy, self-esteem, and a can-do work ethic.

Young students should be expected to master this foundation early, by age sixteen, and then make a transition to a career or to additional education and career preparation. The present tracking of high school students—into a college-bound track with high expectations and a non-college-bound track with low expectations and minimal substance—should be eliminated. California must not continue to track the majority of its students into a low skill, low wage future. Instead, schools, community colleges, universities, and businesses should together create fluid transition programs in which all students should be given both practical experience and academic training to start a career path of their choice in different industries, professions, arts, or community service. *All* students should thus be given a *career head start*. They should not be locked into one occupation, for they must be able to shift between career paths in response to their own choices and changes in the economy.

This is the time to raise our sights, not lower our expectations. Standards should be high across the board, benchmarked to world-class levels. Everyone should be equipped with the pride and transferable skills that come only from real work experience. California and America have a long-standing goal that every citizen should receive a high school diploma. Today, we know that this diploma has little currency. This report call' for a higher goal—namely, *all* students should receive a meaningful post-secondary professional-technical certificate or academic degree in a new system valued and honored by parents, students, and employers.

Every Californian should have the opportunity to learn basic skills and habits of mind that are the foundation for successful careers and full participation in our pluralistic society.

This is the time to raise our sights, not lower our expectations.

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Our long-range goal should be nothing short of a thoroughly literate society and a full-employment economy with a broad and deep distribution of high skill, high wage jobs.

Some students will need extra help to succeed, and the new system should provide them with opportunities for quality education so that they can attain literacy, acquire high skills, and upgrade them over a lifetime. Our long-range goal should be nothing short of a thoroughly literate society and a full-employment economy with a broad and deep distribution of high skill, high wage jobs. Realizing this goal means that drop-outs, inadequately prepared high school graduates, and a much higher proportion of the four to five million functionally illiterate Californians should also have a second chance at quality education. They need flexible ways to mix education and employment over time so that their literacy, work skills, and prospects for the future can be enhanced as they take steps up a high skill, high wage ladder.

The system also must provide opportunities for employed Californians to upgrade skills and develop new ones. The coming decade will be a time of continual economic restructuring, calling for workers to make fluid transitions many times during a career. Dislocated workers from the defense industry are only the most visible example of how professionals and workers will need to acquire new skills better suited to the dynamic changes of a technology-driven economy. In the new system, the public and private sectors should collaboratively provide the adaptive training, retraining, and continuous learning essential for companies and individuals to prosper. One-stop local centers for employment as well as education and training services should be easily accessible, making use of information technologies that connect local information to regional, national, and international markets.

In sum, the new system should provide a *seamless web of world-class education and training*— from early schooling to the acquisition of a basic educational foundation to the transition to employment, higher education, and lifelong learning. It should provide all citizens with flexible opportunities to obtain a postsecondary professional, technical, or academic degree or certificate, and provide the safety net of a second chance at quality education leading to stable employment. It should support the shift of business to high-performance organizations that create high skill, high wage jobs. And it should arise from a deep public-private partnership in which business, labor, education, and government share responsibility for making this vision a reality.

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Realizing the Vision

Achieving this vision will not be easy. The State must act on three fronts: it must turn the current fragmented collection of programs and separate educational institutions into a coherent system; it must restructure the delivery of education, training and employment services so that they operate cost effectively and provide true access to the development of high skills; and it must facilitate the movement of business to high skill, high wage organizations.

Specifically, we recommend that California pursue the following three goals to build a globally competitive, multicultural workforce.

Goal 1. Create a Coherent System. The State should develop a coherent education and training system, pulling together the K-12 system, community colleges, state colleges and universities, employment services, and job training programs under a common policy framework.

Goal 2. Upgrade Education and Training to World-Class Standards. California should take firm steps to advance the reforms begun in the K-12 schools and community colleges aimed at enhancing learning and improve productivity. All education and training must be held accountable for performance, not simply adherence to regulations. Curriculum at all levels should be re-configured to incorporate modern learning technologies.

Goal 3. Support a Business Shift to High Skills, High Wages. California must aggressively restructure its economy. Though the government can play only a supportive role in this effort, the private and public sectors should cooperatively develop policies that assist small, medium, and large firms to become high skill, high wage organizations by providing appropriate education and training to individuals and businesses.

Accomplishing these three goals requires comprehensive re-examination of California's education and training system coupled with bold actions to prepare for our future. Policymakers must be willing to change old ways of doing business. As business leaders, we too share in the responsibility for restructuring California's economy and for participating in a new era of public-private collaboration. With committed efforts from all sectors, California can regain its competitive edge.

The balance of this document discusses these goals and reviews a series of strategies and policy options designed to realize the new vision for California—a seamless, world-class education and training system for an effective and adaptable workforce. The full report provides more explanatory detail on these options.

The new system should provide a seamless web of world-class education and training—from early schooling to the acquisition of a basic educational foundation to the transition to employment, higher education and lifelong learning.

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The Goals and Strategies

The following pages summarize strategies and policy options for California to develop a world-class workforce geared to the economic and social needs of the 21st century. The various strategies are grouped in three main sections, each focused on one of the three goals identified in the preceding overview—namely, Goal 1: Creating a coherent system, Goal 2: Upgrading education and training to world-class standards, and Goal 3: Supporting a business shift to high skills and high wages. Within these main sections, each sub-section summarizes the policy options for a strategy that could help accomplish the goal. The full report presents background data, details the strategies and policy options, and describes examples of policies or practices relevant to each strategy.

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Goal 1

Create a Coherent System

California currently lacks a comprehensive approach to education and training for several reasons. First, the state government has not viewed this issue as a fundamental priority that cuts across the traditional areas of academic and vocational education, human services, employment, commerce, correction, and rehabilitation.

Second, unlike a number of European countries, industry and government do not have a strong tradition of working together to link our students' education to their careers.

Third, due to historical, bureaucratic and legislative circumstances, the federal and state governments have evolved separate deliverers, operations, regulations, and mandates for providing education, training, and employment services at the local level.

This section reviews these issues and proposes specific strategies for resolving them, based largely on successful practices in the United States and other countries. The implementation of these strategies would allow California to mold its current unwieldy, costly, and fragmented collection of institutions and programs into a coherent lifelong education, training, and employment infrastructure.

Specifically, the first goal is to:

Create a coherent education and training system, so that K-12 education, community colleges, the four-year education institutions, employment services, and job training programs operate under a common policy framework and provide clear pathways and transitions to high skill careers for all Californians.

The proposed strategies for realizing this goal are displayed in the box on the next page. Each strategy will be discussed in the following pages.

The first strategy calls for a high-level advisory council appointed by the Governor to guide the development of a coherent system. The second strategy addresses the legislative side of the issues. It proposes a fundamental rethinking of the Master Plan for Higher Education to reflect new demographic and economic realities and to integrate school-to-career transition and job training into the Plan.

The third strategy advances an idea borrowed from Europe and refined by *America's Choice*, a report of the National Center on Education and the Economy. The public and private sectors should build a system of marketable certificates that students and members of the workforce can aspire to as their careers advance toward higher skill levels. This system would go a long way toward vertically articulating

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the flow of programs among high schools, adult basic education, community colleges, CSU and UC, and toward horizontally connecting education to the employment market.

The fourth and fifth strategies propose more efficient and effective ways to organize education and training for California's large numbers of functionally illiterate citizens and for those people, with or without higher skills, who need assistance in finding productive employment.

This is a time when many states and the federal government are moving toward the development of a coherent system of workforce preparation and human resource policies. California can both take advantage of and help to lead this American drive to create a world-class multicultural workforce.

■ *Strategies for Goal 1—Create a Coherent System*

1. **An Education and Economic Development Council.** Appoint an Education and Economic Development Council to develop a common policy framework that will guide education and training and link it to employment.
2. **A Legislative Master Plan.** Develop a legislative Master Plan for all education and training.
3. **An Infrastructure of Certificates and Degrees.** Build an infrastructure of professional-technical certificates and academic degrees that provide all Californians with clear pathways to higher skill jobs.
4. **Organizing Adult Basic Education.** Reorganize literacy education for adults to provide them with better learning opportunities linked to employment and postsecondary education.
5. **Providing One-Stop Services.** Establish Workforce Transition Centers for education, training, and employment services that integrate all local, state, and federal programs and provide one-stop services for individuals.

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AN EDUCATION AND ECONOMIC DEVELOPMENT COUNCIL

■ *Issue*

California has a patchwork of uncoordinated education and training programs.

Strategy 1. Appoint an Education and Economic Development Council to develop a common policy framework that will guide education and training and link it to employment.

The federal and state governments spent approximately $3 billion in 1992 on 23 vocational programs in California. These programs were funded by different laws and agencies, targeted different specific groups or purposes, and had limited job training goals for their recipients. At the state level, education and job training programs operate under discrete regulations of 16 agencies that have distinct constitutional authority.

Other expenditures for public education—the K-12 system, the community colleges, Adult Basic Education, California State University, and the University of California—amount to about $29 billion, and each institution operates almost independently from one another.

Regardless of how effective any of these programs or educational institutions may be, they are generally not linked together. Federal legislation has created specific bodies to "coordinate" training programs at the state or local levels (e.g., the State Job Training Council on Vocational Education or the local Private Industry Councils), but planning across agencies rarely occurs—largely because turf battles abound. Relations among agencies and among the programs they sponsor often reflect greater concern for protecting institutions and budgets than for serving clients.

This disarray should not be surprising. California has no overall State policy framework that links education or training to state and regional economic development. Thus, there is no broader context to guide and coordinate these agencies. Priorities are not now set across education and training.

Policy Options

California should develop a comprehensive system of education, training, and employment, with strong State direction linking human development to state and regional economic development. The Governor should take the first step by appointing a Council for Education and Economic Development that would develop an administrative plan for the new system. (The State's application for a grant from the Clinton Administration proposes an Advisory Council to plan for a School-to-Work System; this Council could be the forerunner to the one proposed here.)

Council Charter. This strategy does not call for more bureaucracy and regulation. The Council should not conduct operations, but rather develop a plan across operational agencies. The plan should steer public education and local job training programs toward the state's economic and social development priorities, while ensuring tough accountability standards and incen-

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tives to reward cost-effective approaches and eliminate waste. Its goal should be to formulate a *common policy framework* that connects existing public, private, or non-profit education and training organizations and sets priorities across them. With a common policy framework, the Governor, the Legislature, and the public can hold all service providers accountable to common goals. The plan should propose ways to allocate resources across all service providers and coordinate activities to improve cost-effectiveness.

Council Scope. The Council should not be permanent; its tenure should be three years. It should be asked to deliver in nine months a basic agenda for a comprehensive education, training, and employment system in California. This agenda would serve as a basis for immediate action on two fronts. It would propose steps that the Governor should take administratively and that the Legislature should enact to pave the way for structural changes in state and local government and for the redirection of state and federal resources. The Council also should recommend longer-run actions to re-engineer the delivery of education and training services, including steps to introduce performance-based accountability, reduce regulations, and reorganize operations.

Membership. The Council should consist of California's *top private and public leaders* who would be asked to collaboratively develop a common policy framework. It should include heads of large and small businesses, labor leaders, the Superintendent of Public Instruction, the Chancellor of the California Community Colleges, the Chancellor of the California State University, the President of the University of California, department and agency heads, and key legislators. This broad base of Council membership is necessary to create consensus across all key stakeholders.

■ *Policy Options*

The Governor should appoint an Education and Economic Development Council whose members would include high-level business, labor, education, departmental, and legislative leaders. The Council would:

- **Serve as a temporary advisory body;**
- **Formulate a plan that links education and training to the state's economic development, establishes a common policy framework, recommends resource allocation strategies, and proposes a shift to performance-based accountability.**

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A LEGISLATIVE MASTER PLAN

■ ***Issue***

Today's Master Plan for Higher Education does not address the state's current crisis nor tomorrow's realities.

Strategy 2. Develop a legislative Master Plan for all education and training.

Budget Squeeze Threatens Higher Education. Though the demand for education at all levels is exploding, the state's severe budget problems will make it impossible to fund increased student enrollments unless dramatic changes are made. At the postsecondary institutions, the door is closing for many students—fees are up, class offerings are down, many courses are no longer available. UC has drastically cut its workforce, as well as purchases of supplies and equipment, and has raised student fees to $3,674 in 1994. Since 1990, CSU has raised fees over 70 percent to $1,440, reduced enrollment from about 278,000 to 257,000, and experienced a 20 percent class-size increase. The community colleges estimate that they turned away 130,000 full-time equivalent students in 1992.

Productivity and Quality Must Be Raised. One reason the state's economic crisis poses such a serious threat to educational opportunity and quality—and, thereby, to California's future—is that the education segments themselves are not sufficiently productive, efficient, or effective, an issue addressed under Goal 2.

Absence of Long-range Strategies for Lean Times. Further, statewide education planning has not caught up with current realities. Budget limitations call for sustained efforts to increase efficiency without reducing quality. UC and CSU must set priorities across campuses within each of their segments and reduce redundancies between them. Moreover, they must consider performance-based accountability, as well as the kinds of innovations recommended under Goal 2, Strategy 4 to increase productivity and utilization of existing facilities. The State also must examine the long-term issues of what the roles and missions should be for all three components of higher education and how they should be related to each other, the K-12 system, job training programs and California's economic development. In short, there is no overarching blueprint for how state resources should be allocated among support for classroom instruction, basic research, applied research, technical assistance to business, and workforce training. Providing such a broad blueprint is an appropriate role for the Legislature.

Policy Options

The Legislature revised the Master Plan for Higher Education in 1989, but did not fundamentally re-examine the organization of higher education in light of today's economic, fiscal, and demographic realities. *A new and more comprehensive Master Plan is needed.* The Master Plan should be extended to include post-10th grade education and State-supported employment training. It should consider the following options (other possibilities for the Master Plan are listed in the box on the facing page):

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Community Colleges as Entry Point. Community colleges might become the point of entry to higher education for most students, with lower division enrollment curtailed at CSU and UC so overall state costs do not rise. Making the community colleges the primary entry point to higher education would enable more students to enroll without increasing state higher education expenditures because the per-student cost of education at community colleges is considerably lower than the cost at other segments.

New Student Fee Policies. Fee decisions now made in the political arena make long range planning impossible both for policymakers and families. The Master Plan might develop a rational and predictable higher education student fee policy. By relating fees to the cost of instruction (a policy currently followed by six other states), it will be possible to limit fee fluctuations and may create healthy political pressures to keep down the costs of instruction. In addition, students might be charged the true cost of education for some professional schools.

Link Education to Economic Development. The community colleges and CSU, with campuses geographically dispersed around the state, are well positioned, experienced providers of employee training. This training role, conducted under contract to business, should be expanded. And both segments should be enabled to provide more direct technical assistance to business and industry. In addition, the CSU system's applied research function should be strengthened and linked more closely to applications that could benefit the economy.

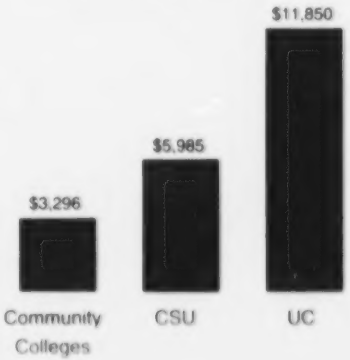
Campus Specialization at Universities. UC and CSU campuses should become more specialized in order to reduce program duplication. Both segments should also set clearer priorities for resource allocation among research, teaching, and other functions.

■ *Policy Options*

The Legislature should revise the Master Plan for Higher Education and extend it to include all post-10th grade schooling and employment training. The Master Plan should:

- Consider making community colleges the point of entry to higher education for most students;
- Develop a student fee policy related to actual cost of instruction;
- Strengthen education's link to economic development;
- Direct UC and CSU to develop plans for campus specialization;
- Establish a revised system of certificates and degrees for education and training after grade 10 (see Strategy 3);
- Concentrate responsibility for Adult Basic Education in a new State authority that would contract with providers (see Strategy 4).

Cost per Full-Time Equivalent Student



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An Infrastructure of Certificates and Degrees

■ Issue

Most students do not have clear educational paths to achieve high skills.

Strategy 3. Build an infrastructure of professional-technical certificates and academic degrees that provide all Californians with clear pathways to higher skill jobs.

Three out of four California high school students do not enroll in college or complete a four-year degree. Despite this reality, high schools are designed around an academic track intended for college-bound students. About two out of three students are either in a general education or vocational track, where the curriculum is based on lower academic expectations. Thus, most high school students often see little purpose to their education. They get the message that what they do in high school does not matter. Fifteen to twenty percent drop out without graduating and with few skills. Most who graduate lack career goals and are unlikely to find stable employment until they are thirty. For minority youth, in particular, the lack of a clear path from school to work to advanced skills has had devastating consequences.

By contrast, European countries have extensive apprenticeship systems in which educators and employers not only work closely with each other to coordinate the needed training for jobs, but provide smooth transitions for students from school to employment. The average non-college-bound youth in these countries is productively engaged several years earlier than here.

Californians who continue post-secondary education often drift in a prolonged educational pipeline. Few community colleges have well developed links to their feeder high schools, and students leaving community colleges generally receive little help in finding their way to jobs. The same problem exists to a lesser extent with other training providers, such as Regional Occupation Centers/Programs, adult education, and Job Training Partnership Act programs. Even many students in four-year colleges have not figured out the connection between their academic subjects and career possibilities. In short, California has no orderly process, or infrastructure, for moving students from education to careers.

Policy Options

California needs a clear education and training infrastructure that would provide every Californian with opportunities to achieve higher skills and continuously upgrade them—and enable business to trust and use this system to raise the skill level of its employees. This infrastructure would consist of a refined set of degrees and certificates that attest to a person's level of skills. Its scaffold should be a series of increasingly higher skill standards and certifications set by business (and/or other bodies) in collaboration with labor and educators.

Some fields such as health or engineering already award professional-technical certificates, but aside from professions with

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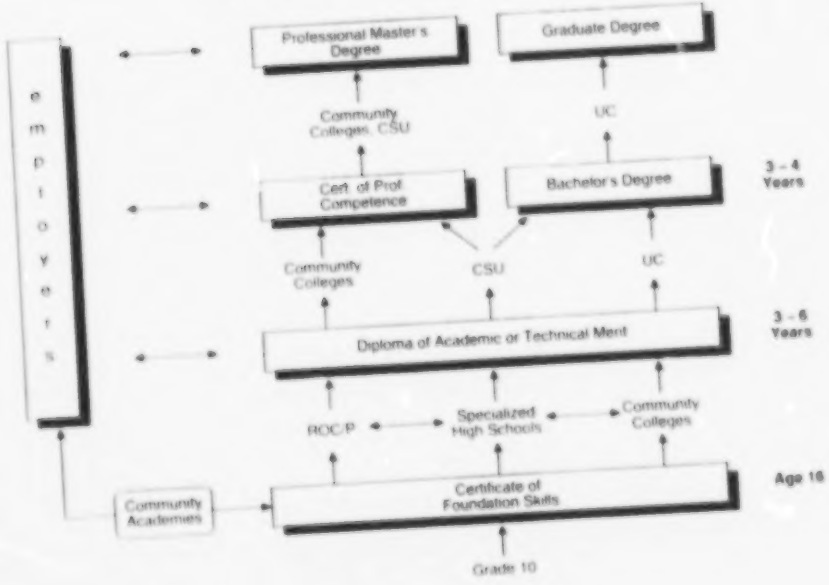
licensure requirements, certificates are rare. If the certificates and degrees were based on industry standards (discussed in Goal 2, Strategy 1), they would be accepted by business. Consequently, they would create a visible and accessible ladder to higher skills and career advancement. They would thus become a clear and portable indication of a worker's specific competencies. A possible system of certificates is depicted in the figure below.

A System of Certificates for High Skills



■ *Policy Options*

Educational institutions, in conjunction with business and labor, should establish a system of certificates and degrees that provide transition ladders going from the foundation skills to advanced higher skills in different careers, including:

- **Certificate of Foundation Skills**, awarded for successful high school or Community Academy assessment;
- **Diploma of Academic or Technical Merit**, a postsecondary degree awarded in different industry or career fields after about three years of study;
- **Certificate of Professional Competence**, awarded in an industry or career field signifying the achievement of Journeyman level in the profession;
- **Professional Master's Degree**, awarded in an industry or career field signifying the achievement of Master level in the profession.

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ORGANIZING ADULT BASIC EDUCATION

■ ***Issue***

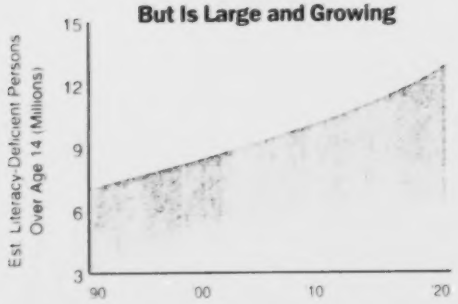
The second chance system for adult literacy is fragmented and largely ineffectual.

Strategy 4: Reorganize literacy education for adults to provide them with better learning opportunities linked to employment and postsecondary education.

About four to five million adults in California are "functionally illiterate," with two-thirds of them in the current workforce. The State provides adult basic education (ABE)—at times with job training—to those who have not acquired literacy skills and/or do not speak English. However, despite enrollments of over 1.2 million, there are not enough ABE classes to meet current needs. And while approximately $750 million is spent annually in California on adult basic education, the delivery system is fragmented among many providers, is almost wholly uncoordinated, and has a very low proportion of students who achieve high school literacy. Perhaps over 1,000 literacy programs serve less than one in seven adults who read below the ninth grade level.

This second chance system for youth, unemployed, and low skilled incumbent workers must be dramatically improved. Otherwise, California's long-term prospects for sustained economic restructuring, social harmony, and a high quality of life are dim indeed.

Extent of Illiteracy in California Is Not Known Exactly, But Is Large and Growing



Policy Options

The Legislature should establish a new contracting authority for Adult Basic Education that would oversee the provision of services throughout the state. The new authority would award limited term contracts on a competitive basis for ABE programs delivered at high schools, community-based organizations, community colleges, libraries, and other decentralized and widely accessible organizations.

Community Academies Provide Common Identity and Goal. All programs funded by the ABE authority would be called Community Academies, regardless of whether they are being delivered at or run by community colleges, adult high schools, or community-based organizations. By operating under common standards and guidelines, the Academies would ensure equity for all clients. All ABE programs would award a Certificate of Foundation Skills for successful completion of Academy programs, and be held accountable for performance outcomes.

Contracting Authority Provides Accountability without Bureaucracy. The ABE authority would establish performance guidelines and enforce accountability for re-

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sults, but would not directly provide educational services or dictate how education should be delivered. This policy option is therefore *not* a proposal for the establishment of a new educational bureaucracy. Organizationally, the authority would be analogous to Head Start, which contracts with a wide variety of providers with a minimum of bureaucracy. Community Academy contracts would be let for a limited time, such as three to five years.

Guaranteed Access to Higher Education. With the creation of Community Academies, the community colleges would establish the Certificate of Foundation Skills (or its equivalent) as the performance level needed for enrollment. Those students without the Certificate (or its equivalent) would continue their schooling at Community Academies. Such schooling would be fully articulated with community colleges so that students who achieve the Certificate would be guaranteed admittance to one of their campuses.

Improved Access, Quality, and Links to Higher Education. The creation of a single ABE authority would provide ABE clients with one voice in the policy community. It would change the management of ABE services, but would not require new facilities or, for the relocation of current services. For the client:

- Accessibility and equity would be enhanced;
- Performance standards would be higher—all students would be expected to earn a Certificate of Foundation Skills under the same set of outcome-based standards used in the high schools;
- Instruction would be improved because Community Academies would focus on adult learning and models for such learning could be developed and disseminated much more quickly than today;
- Paths to higher education and higher skills would be clearer because the Academies would steer individuals into long-term programs.

■ *Policy Options*

The Legislature should establish a contracting authority for Adult Basic Education that would oversee the provision of ABE services throughout the state. All programs would be:

- **Called Community Academies, regardless of deliverer;**
- **Provided three- to five-year contracts, renewable based on student performance;**
- **Required to award the Certificate of Foundation Skills for successful completion of Academy programs;**
- **Articulated with community colleges, guaranteeing access to higher education.**

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PROVIDING ONE-STOP SERVICES

■ ***Issue***

Local employment and training services are scattered, uncoordinated, and not linked to education.

Strategy 5: Establish Workforce Transition Centers for education, training, and employment services that integrate all local, state, and federal programs and provide one-stop services for individuals.

Redundancy, Gaps, Poor Follow-Through. The unemployed, youth drifting between low-paying jobs, dislocated workers, and people seeking to upgrade their skills confront a confusing reality. The services provided by a multiplicity of overlapping agencies—employment and job training programs, labor exchange and placement services, community adult literacy programs, welfare and social services, and other providers of education and training—can be difficult to access and too often do not cover the client's needs. Furthermore, coordination among the agencies can be lax. California has 52 Private Industry Councils charged with overseeing programs in their service delivery areas. Los Angeles alone has 74 different providers, making oversight difficult; no count of the total number of service providers throughout the state exists. Clients too often find themselves referred from one agency to another, always having to repeat assessment and placement information and never quite finding appropriate assistance.

Job Programs Aim for Short-term Goals. Though the federal JTPA training programs are undergoing reforms, they, like most training programs, aim to provide the minimal skills needed to secure a job. In most cases, such jobs are low-skill employment with little chance of advancement. Many clients who need a long-term program that allows for a combination of work and education simply do not receive appropriate guidance and connection to adult basic education, community colleges, or other education and training providers.

Policy Options

Schools, colleges, programs, and training efforts should be coordinated at the local level to assure that each student, worker, or other client has direct, unambiguous access to a range of assessment, training, and human services—and to assure that no one will fall between the cracks. This coordination should be accomplished by local collaboratives, called *Workforce Transition Centers*.

Grass-Roots, Local Collaboration. The State should provide support and incentives for communities to form local Workforce Transition Centers. This can be done without creating a new bureaucracy. Local communities would drive the effort to bring key education, training, and employment service providers to the planning table to design truly collaborative Centers tailored to each community's resources needs. The State would develop models for these Centers, perhaps based on the results of career pathways demonstrations (see Goal 2, Strategy 3).

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One-Stop, User-Friendly Services. Workforce Transition Centers would be points of access to *all* local or regional education and training information and services. They would provide a variety of information to individuals and businesses, including an on-line directory of all available state and local services. Clients would be able to obtain assessment, receive counseling and referral to job opportunities and/or community programs and services, enroll in an education or training program, or take a self-guided interactive training course at a computer terminal. The Centers would work with clients to develop a long-term strategy for combining education and employment leading toward higher skills.

Moving Information, Not People. The use of information technologies would be key to this integrated approach. Several state education and employment agencies maintain databases which could be brought together without additional resources to provide information for Workforce Transition Centers. An electronic system could be developed in which each client would receive a computer-coded employment card that provides access to a consolidated database containing the client's assessment information. To protect privacy, such a system might require an access code known only to the individual client.

Assistance to Business. For employers, Workforce Transition Centers would offer recruitment services, allowing businesses to access a large regional or state labor pool. Workforce Transition Centers would also provide early intervention services, guiding the retraining of workers threatened with downsizing or dislocation.

■ *Policy Options*

The State should provide support and incentives for communities to form local Workforce Transition Centers that provide integrated education, training, and employment services for individuals and businesses using a one-stop-shopping approach. Their key features would be:

- **Grass-roots efforts with voluntary local collaboration;**
- **Integrated services;**
- **Education linked to high skill jobs and community development;**
- **Information moved, not people.**

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GOAL 2

UPGRADE EDUCATION AND TRAINING TO WORLD-CLASS STANDARDS

Creating a coherent education and training system will do little good if the quality of curriculum and instruction cannot keep pace with the need for more students to learn more. Notwithstanding the dedication of educators, the quality of California education has been declining. Ballooning enrollments, growing diversity, and fiscal crises have all contributed to California's educational erosion. Simply halting the downward drift is not enough; we must raise the quality of education and extend its benefits to a broader spectrum of the workforce.

This challenge cannot be met if public education and job training programs continue to operate as they have in the past. Rather than go from crisis to crisis, this is the time to introduce systemic change that can dramatically improve both effectiveness and productivity. Nothing short of bold steps will do.

California is well positioned to take this qualitative leap forward. The California Department of Education, in collaboration with key legislators and the Governor, has put forth major ideas for restructuring K-12 education, and many exemplary practices exist at local schools around the state. The community colleges' Board of Governors is taking steps to change "business as usual" in order to serve more students at higher levels of quality with little or no increase in budget. UC and CSU know they can no longer tighten their belts and raise student fees to preserve their outstanding core programs. Providers of job training are seeking ways to respond to the Clinton Administration's reforms, and businesses have become actively involved.

But a critical mass has not yet been generated. A radically different organization and management philosophy is needed to upgrade education and training to world-class standards. Specifically, the second goal is to:

Upgrade education and training to world-class standards, so that all Californians obtain the core education and advanced knowledge and skills they will need for high wage jobs and employment security in California's 21st century economy.

The strategies to accomplish this goal are listed in the box on the next page. Policy options for each strategy are summarized on the following pages. The strategies begin with a call for industry to set industry-specific skill standards—not narrow job skills doomed to obsolescence, but broader skills fundamental for tomorrow's dynamic workplaces.

High standards, benchmarked to a world-class level, are the building block for Strategy 2—a shift away from a regulatory approach to performance-based accountability. The K-12 system and community colleges are micro-managed by legislative plus state and local regulations. Job training programs labor under complex and confusing state and federal regulations. This regulatory framework creates perverse incentives that impede attempts to improve cost-effectiveness. *The new comprehensive system should rely on performance-based accountability and the use of rewards and incentives, not on a regulatory approach.*

Strategies 3 and 4 hone in on crucial policies for implementing reforms and innovations in the K-12 schools and community colleges, respectively. At the heart of these proposals are policies to enable educators to bring effective learning strategies to all students more efficiently.

Finally, Strategy 5 deals with making sure that the promise of technology is brought to bear in education and training. Here, as with other areas, the State must go beyond pilot projects and exemplary models to the full implementation of technology comparable to its use in high performance businesses.

All these strategies require investments that will save money in the long run as the whole system shifts to higher productivity and higher quality. The greatest challenge may be finding the will to change.

■ ***Strategies for Goal 2—Upgrade Education and Training to World-Class Standards***

1. **Setting Standards.** Set industry-wide skill standards benchmarked to world-class levels.
2. **Shifting to Performance-based Accountability.** Establish performance-based accountability, reduce regulations, and develop incentives for excellence for local education institutions and job training providers.
3. **Accelerating K-12 Reform.** Accelerate the reform of K-12 by committing to the goal of universal early childhood education, pursuing a paradigm shift in approaches to learning, and guaranteeing a career head start for all students.
4. **Innovating at Community Colleges.** Introduce systemic innovations to enable community colleges to become more effective, productive, and efficient.
5. **Integrating Technology for Learning.** Integrate technology into curriculum and instruction throughout K-12 and the community colleges.

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SETTING STANDARDS

■ ***Issue***

Most industries lack common skill standards for employment and promotion.

Strategy 1. Set industry-wide skill standards benchmarked to world-class levels.

To a remarkable degree, neither students, unemployed youth, or workers know what they are expected to learn in order to qualify for high wage jobs now or in the future. Without clear standards, educators, trainers, and program directors do not have adequate guidance to develop curriculum and cannot be held accountable for what is really important—how well students learn the skills, knowledge, and behaviors that can secure a full and productive life.

The lack of common skill standards across an industry is a fundamental problem in America. Unlike our European—and some Asian—competitors who have widely accepted national training standards for most industries, this country has such standards for only a few industries. In most cases, moreover, there is little consistency from one company or training agency to the next in what workers are expected to be able to perform. In many cases, performance standards simply do not exist, which may be symptomatic of business' inadequate attention to human resource development for front-line workers.

This lack of explicit expectations makes it difficult for high school, community college, or four-year college teachers to design curriculum that will produce the skills needed by employers, since the teachers do not know what those skills are. It makes it hard for students to plan their education, not knowing what courses are essential or what skills future jobs will require. And it makes it impossible for employers to rely on the competence of graduates from such programs.

Finally, the introduction of real accountability rests on measuring each individual's performance benchmarked against world-class standards. Without agreed-on standards, there can be no accountability.

Policy Options

Key industry leaders realize that it is in *their interests* to develop standards that businesses will honor in their hiring and promotion policies. Where standards have come from educators or training providers rather than employers, they have engendered little confidence. In those countries that have a fully functioning workforce development system, employers play a central role in defining such standards. They regard this as their responsibility and in their own interest first and foremost. They often go much further, providing the bulk of the training themselves and participating in the assessment of skills, in close cooperation with the education system and labor organizations.

Though industry-specific skill standards must be industry-driven,

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the public sector can be a partner in linking these efforts to education reform and economic development. The following policy options would facilitate this partnership.

Industry Workforce Development Consortia. Business and labor leaders should mobilize to form Industry Workforce Development Consortia which would *set industry-wide standards for the skills needed in high skill, high wage organizations*. The Industry Consortia should include small as well as large businesses, and manufacturing as well as service industries. Members of a Consortium would be expected to use the standards and certifications agreed to for their industry in hiring and promotion procedures. Consortia would have a continuing role in keeping standards up-to-date in line with anticipated changes in the workplace and in the use of technologies; they would also be responsible for approving procedures for certification.

Standards and Certification Panel. A state *Industry Skill Standards and Certification Panel* should be established with the authority to review existing workforce licensing and certification and sanction procedures developed by Industry Workforce Development Consortia. The Panel should not take on a regulatory function; rather it should support industry in developing common standards and portable certificates that are recognized by employers and employees alike as essential to the vitality of the industry and the growth of individuals. Further, the Panel should link industry-specific skill standards to education and training providers and serve as the liaison between California's activities and national efforts to develop industry skill standards.

■ *Policy Options*

The business community, in conjunction with labor and education, should take the lead in establishing skill standards and certifications for careers and job clusters in major California industries. The State should facilitate this process by helping industries to:

- **Establish voluntary Industry Workforce Development Consortia to set standards and establish procedures for assessment and certifications;**
- **Form an Industry Skill Standards and Certification Panel to oversee standards and certification.**

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SHIFTING TO PERFORMANCE-BASED ACCOUNTABILITY

■ *Issue*

California has many effective education and training programs, but they are not rewarded and ineffective programs are not weeded out.

Strategy 2. Establish performance-based accountability, reduce regulations, and develop incentives for excellence for local education institutions and job training providers.

California schools, colleges, and training providers boast many examples of what works in instruction and curriculum. But these exemplary instances exist alongside mediocre practices no longer suited to today's—or certainly tomorrow's—world. Unless programs with unsatisfactory results are eliminated, most students will not realize high standards. However, federal and state policies in education and training have too often focused on equity in "inputs" rather than on results. Governments have created a web of regulations that seeks to hold deliverers accountable for providing an equivalent level of services and material support. Effective programs often must skirt regulations, and ineffective programs are generally not held accountable for results.

Accountability based on outcomes should be the fulcrum for upgrading the quality of education and training. The government should free educators and trainers to create programs that will enable students to attain high standards and be successful in their careers; in exchange, all providers—teachers, schools, colleges, universities, community-based organizations—should be expected to produce results measured against high standards.

Policy Options

Both the Education and Economic Development Council and the Master Plan should propose concrete actions to shift education and training to an accountable system based on student outcomes. These steps should include the following policies:

Performance-based Assessments. With the passage of Senate Bill 662, California's K-12 system has begun to develop richer and more accurate assessments of students than the standardized tests that have dominated education. This reform should be supported and accelerated so that all students can be assessed on the higher order skills and knowledge they will need to be successful. Community colleges and adult basic education should follow this lead and establish academic standards and performance-based assessments that would replace today's reliance on arbitrary grades. For these changes to become systemic, the *admission requirements for UC and CSU must be revamped to be based on performance assessments* rather than on attendance and grades in prescribed classes.

Outcome-based Funding. Strategies should be developed to fund education on the basis of outcomes, not simply student enrollment. For example, K-12 and community college funding might be restructured into two components—*an allocation for base funding tied to school or college enrollment and need plus an incentive grant for performance*. The State also might *combine funding streams for education and training programs that provide similar*

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services. Funding, now scattered among hundreds of state and federal budget items, might be consolidated into a unified education and training budget. Effective programs, rather than institutions, could then be funded.

The Community Academies (see Goal 1, Strategy 4) provide a practical example of how these two options might be implemented. The Community Academies would *pool existing resources and shift funding to a contract basis*, rather than continuing the current policy of institutional entitlements with enrollment-driven funding. By granting contracts to providers of Adult Basic Education, the State would be able to support providers who meet outcome goals while eliminating support for those who fail to obtain satisfactory results. This contract approach might be extended to other education and training situations.

Systematic Deregulation. The multiple, overlapping and confusing laws and regulations that govern providers differently, even when they provide similar programs and services, should be revamped. The responsible state bodies should *regularly review and eliminate unnecessary regulations, laws and fiscal compliance procedures.*

Charter Schools. California's "charter school" legislation enables innovative educators to create new and different public schools, in and outside of the current K-12 system. Such schools must define and measure their outcome objectives, and could lose their charter if they fail to meet those objectives. They have considerable flexibility to design their programs free of virtually all laws and regulations restricting districts. California should *expand the charter schools legislation to the community colleges and the California State University.* This would serve to eliminate arbitrary distinctions among and between the K-12 and higher education systems and would encourage innovation, cooperation, and competition.

■ *Policy Options*

The Education and Economic Development Council and the Master Plan should develop policies for moving the state's education and training system from accountability based on inputs to accountability based on student performance. California should:

- Support performance-based assessments;
- Fund education on the basis of outcomes, rather than inputs;
- Eliminate unnecessarily restrictive regulations on the delivery of education and training;
- Expand the use of charter schools.

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ACCELERATING K-12 REFORM

■ ***Issue***

California is on the leading edge of school reform, but must focus and scale up successes.

Strategy 3. Accelerate the reform of K-12 by committing to the goal of universal early childhood education, pursuing a paradigm shift in approaches to learning, and guaranteeing a career head start for all students.

A state and national consensus exists that elementary and secondary education must be restructured. Agreement on exactly what should be done and how to do it has been much slower in developing. In California, the Department of Education (CDE) has been proactive in promoting restructuring efforts. Many exemplary practices exist and change is occurring, but the needs are pressing and the pace of change should be greatly accelerated.

The Challenge of Growth and Diversity. Efforts to improve K-12 education in California must take stock of the continuing growth and diversity of the state's population. The school age population is increasing at an even faster rate than the general population, going from today's 5.1 million students in K-12 to over 6 million by the turn of the century. The growth in the number of students whose native language is not English is four times that for the state as a whole. There are almost one million students who have limited proficiency in English, about twenty percent of the total public school population.

California Must Follow Its Vision of School Reform. The only way to overcome these challenges is for schools to embark upon systemic change. Some schools have begun to implement effective approaches to learning consistent with a broader vision of school reform advocated by the state's educational leadership. These approaches have not yet penetrated extensively to the local level. Ironically, just as the positive forces for change have been gaining momentum and clarity, the local impetus toward reform may have slowed in the last few years. Schools have become focused on survival as they face severe financial constraints, enrollment pressures, entry of non-English speaking children, mounting violence, and signs of social disintegration in urban areas throughout the state.

At this time of crisis, it is essential that the State maintain a clear vision for school reform and move deliberately to realize it. Now is the time to focus sharply on the main priorities, capitalize on existing investments and exemplary practices, and channel limited resources appropriately.

Policy Options

The facing figure presents a schematic diagram of how K-12 education might be restructured. Elements of this restructuring are

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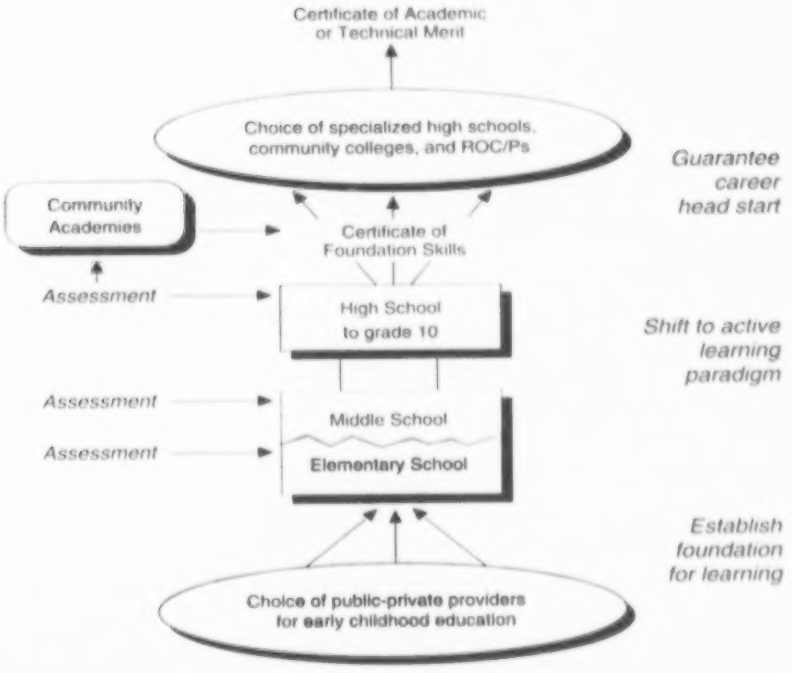
consistent with the vision of CDE and other state educational leaders. The figure suggests that education should be re-thought and focused on three main purposes:

1. **Establish the foundation for learning** in the early childhood years (from about age three and a half to seven);
2. **Shift to an active learning paradigm** so that each and every student can learn the core competencies they will need to succeed in tomorrow's world (by age 16); and
3. **Guarantee a career head start** for all students (nominally from ages seventeen to nineteen).

The next four pages discuss the elements of this diagram and propose policy options for each of these three components for accelerating K-12 reform.

Restructuring K–12 Education



Accelerating K-12 Reform (cont'd)

1. Establish the Foundation for Learning.

The foundations for learning are set early. Children's learning capacities, motivations, and orientation to the world are largely determined from birth through age seven. Assuring a solid foundation for all young children might do more for the long-run competence of the workforce and for resolving social issues than any single policy.

Commit to Universal Early Childhood Education. Meeting this goal poses a daunting challenge for three reasons. First, only about one-third of children in poverty are now enrolled in the federal Head Start program or in California's program for children from poor families. Approximately half of all three- and four-year-olds attend preschool, mostly in private schools that their parents can afford. The other half start kindergarten behind and most never catch up. More funds are needed, but a major increase in funding is unrealistic now. However, the State can commit to the goal of universal early childhood education and begin with a guarantee to phase in subsidies that would allow four-year olds from poor families to attend public or private preschool.

Fund High Quality Only. Second, exemplary early childhood programs exist that have produced dramatic long-run, highly cost-effective gains, but most programs are of low quality. Only quality programs should be funded (those that include appropriate ratios of children to trained adults, instructional approaches consistent with children's development, parenting education, and health and social services.)

Restructure Early Grades. Third, instruction and curriculum in kindergarten through second grade generally do not follow the principles of outstanding education for children of this age. Many industrial countries see early childhood education as occurring between ages three and seven, and they arrange their schooling appropriately. Schooling proceeds without grade-levels, advancement is based on the children's continuous progress. This more effective education could be done here by making sure that new and current elementary teachers understand child development and that elementary school accreditation is based on progress toward restructuring early schooling in this fashion.

Item 1 in the box on the facing page lists these policy options.

2. Shift to an Active Learning Paradigm.

From about ages 7 to 16, schools should focus on helping *all students* master the new basics—reading, writing, communicating, mathematical and scientific reasoning, critical thinking, problem-solving and working with others of diverse backgrounds. Unfortunately, schools often assume that only a few students can achieve this level

Schools Should be Active Learning Environments. All students can learn to high levels of mastery if given enough time and the chance to draw on their idiosyncratic strengths as learners. To reach all students, schools should be redesigned into active learning environments where students are challenged and have responsibility to stretch themselves in meaningful activities. Teachers should become coaches and co-inquirers, and students should become apprentices in learning.

Schools Should be High-Performance Workplaces. To create and sustain active learning environments, faculty and administrators must restructure schools into high-performance workplaces—similar to the technology-rich and highly interactive environments in successful businesses. This means that schools should use time more productively, staff should operate in teams and have different responsibilities, school staff should share decision-making authority, and schools should be part of a web of advanced technological capabilities.

Missing Ingredients. These more effective approaches to learning cannot be mandated. Each school must customize its programs to fit its students—and provide faculty with the time and support needed to learn new methods. The State can accelerate the adoption of better methods by creating an environment of high standards and demanding curriculum (as the California Department of Education has begun to do), shifting to performance-based accountability and freeing educators to create practices that get results, incorporating new learning technologies at all schools, and redirecting staff development funds so that teacher re-training becomes an institutionalized aspect of schooling.

Item 2 in the box on this page lists these policy options.

■ *Policy Options*

1. **Establish the Foundation for Learning.** The State should establish a policy of universal early childhood education. In light of limited resources, this goal must be approached in stages:
   - Phase in subsidies for four-year-olds from poor families to attend public or private preschools;
   - Fund only preschools accredited as meeting high ECE standards;
   - Restructure K-2 into developmentally appropriate instruction.
2. **Shift to an Active Learning Paradigm.** The State should encourage schools to develop active learning environments for all students and to become high-performance workplaces. The State should follow policies that:
   - Establish high standards for all students;
   - Shift to performance-based accountability and eliminate excessive regulations (see Strategy 2);
   - Incorporate new learning technologies (see Strategy 5);
   - Institutionalize staff development for continual teacher growth;
   - Support, evaluate, and disseminate information about effective grass-roots educational models from SB 1274 and charter schools (see Strategy 2).

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Accelerating K-12 Reform (cont'd)

3. Guarantee a Career Head Start for All Students. Roughly two-thirds of students do not plan to attend college. They progress along either a general academic track (a hodgepodge of unrelated courses) or a vocational education track (which often lacks a substantial academic content). Tracking hurts all students. The challenge for education is to end tracking, hold every student to high academic standards, and create opportunities for school-to-career transitions.

Few High Schools Have Restructured. Some California high schools have eliminated tracking and developed transition programs under the leadership of the California Department of Education and its High School Task Force Report, *Second to None*. However, few schools to date offer comprehensive options that both ensure transition programs for all students and link the academic program to careers. Additional public policy is needed in order to implement across the state the post-tenth grade transition ideas shown in the figure on page 35 and discussed below.

Policy Options

The Legislature and the Board of Education should establish a series of requirements that set a *mandatory structure* for a school-to-career transition system. These requirements should not dictate or impose regulations on *how* education should be delivered or *who* should deliver it. By establishing structural requirements for all schools, an accountability system will become meaningful, expectations for both students and educators will be clear, and schools can be free to invent their own ways to provide a successful transition for each and every student.

Require Certificate of Foundation Skills. Though a tenth grade assessment for each student is now mandated, students may continue taking courses regardless of the results of that assessment. The Legislature and the Board of Education should require students to achieve a "passing" performance level on their tenth grade assessment in order to receive a Certificate of Foundation Skills and continue toward a diploma.

Provide Accelerated Learning. Those students who have not been able to satisfactorily complete the tenth grade assessment should have accelerated learning programs that receive more funding per student, could be linked to work contexts, and could be delivered by high schools, Regional Occupational Centers/Programs (ROC/Ps), or other public or *private* providers, under authority of the Community Academies (see Goal 1, Strategy 4).

Require Transition Programs. *Second to None* suggests that schools create "program majors" that high school students may select. These majors are themes around which instruction would be organized, combining academic and career-related areas. Students would not be "locked in" to a major, but could move from one major to another as their goals and interests change.

The program majors are consistent with a variety of transition programs operating in California (such as Tech Prep, youth apprenticeship, cooperative education, and Career Partnership Academies) that provide students with the choice of attending ROC/Ps, community colleges, or high schools in combination with community colleges. Some programs provide work-site learning or other forms of direct business involvement.

The time is ripe to move forward with these ideas statewide. Instead of relying on local school districts to adopt or ignore transition programs, the Legislature and the Board of Education should *require students* to select program majors embedded in a transition program and *require schools* to provide students with quality programs after they receive a Certificate of Foundation Skills. The current accreditation system could check to assure that high schools comply with this requirement.

Five Year Phase-in. This mandatory restructuring cannot be done overnight, but it should nonetheless proceed deliberately and expeditiously. The best way to ensure implementation is to establish a *date certain* by which all high schools will have had to put a transition program into place. We propose that, within five years from the enactment of legislation, all schools should be expected to complete the planning, curriculum revision, articulation of programs, and business involvement needed for the full implementation of post-tenth grade transition programs.

Career Pathways Demonstration. The State should initiate a Career Pathways Demonstration, which would be a public-private demonstration of innovative models for school-to-work transition that cut across high schools, community colleges, and employment services. These grass-roots models would provide communities throughout the state with the elements needed for effective transition programs.

■ ***Policy Options (continued)***

3. Guarantee a Career Head Start for All Students. The Legislature and the Board of Education should establish the following series of requirements that set a mandatory structure for a school-to-career transition system:

- Require a Certificate of Foundation Skills for advancement;
- Provide accelerated learning opportunities for students having difficulty passing the tenth grade assessment;
- Require transition programs for every student at every high school;
- Phase in this restructuring over five years;
- Initiate Career Pathways Demonstration.

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INNOVATING AT COMMUNITY COLLEGES

Issue

Community colleges must become more cost-effective to maintain open access, advance more students to higher education, and support economic development.

Strategy 4. Introduce systemic innovations to enable community colleges to become more effective, productive, and efficient.

The community colleges are particularly well positioned to contribute to the training and retraining of California's workforce. The world's largest system of higher education, they represent a major public investment in faculty, facilities, and technical expertise. In addition to preparing students to enter four-year institutions and providing remedial and basic skills education, the colleges play a crucial role in direct workforce preparation, training, and retraining. In vocational-technical studies alone, more than a million students are enrolled at the colleges in some 350 programs leading to certificates or degrees.

But the community colleges face a complex challenge. They must ensure that their increasingly diverse students obtain the higher level skills needed for the 21st century. To do so, the colleges will have to strengthen their educational programs (through new instructional approaches that respond to a wide range of student learning styles) and make much greater use of advanced learning technologies (see Strategy 5).

At the same time, the colleges will have to accommodate a projected increase in enrollment demand over the next decade from the current level of about 1.4 million to at least two million students.

In light of California's current fiscal crisis, the community colleges cannot meet these challenges by spending more money. The colleges must become more productive, efficient, and cost-effective—they must learn to do more without spending more.

Policy Options

The following policies would enable the community colleges to adopt more effective, productive, and efficient practices which can increase the number of students the colleges serve, even as standards are raised to keep pace with the need for higher skills.

Fund to Support Innovation. To provide higher levels of knowledge and skills for a diverse student body, the colleges must de-emphasize lectures in favor of active student participation in the learning process and of more reliance on advanced technology. The investments needed to stimulate instructional innovations and pay for the professional development of faculty should come from a state-level Fund for Innovation. *The Legislature should provide a fixed percentage set-aside from the state's budget allocation for community college operations as a way to capitalize this Fund.*

Performance-based Academic Standards and Assessments. The colleges should adopt performance standards for certificates and degrees, and students should be assessed on the extent to which they meet these standards. Performance assessments would assure employ-

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ers and universities that students possess the knowledge and skills needed for success.

Training in Modern Management Practices. Many businesses and colleges have achieved substantial management efficiencies by adapting the principles of total quality management or organizational "re-engineering." Using money from the Fund for Innovation, the colleges should mount a systemwide effort to train teams of key personnel at each college in these principles. The training should be undertaken by college and business trainers who understand the quality improvement movement. Local teams should in turn be relied on to help implement these principles at their colleges.

Extensive Use of Technology and More Intensive Use of Facilities. The colleges project a need for up to $4 billion worth of new facilities to accommodate increased enrollment. The Commission on Innovation (a citizens' panel appointed by the Board of Governors) proposed that the colleges could accommodate most additional enrollment demand without having to build new facilities. This increased capacity could be accomplished if the colleges implemented distance education (see Strategy 5), shifted to year-round schedules, and held more afternoon classes. The start-up costs for these innovations could be funded from the Fund for Innovation and technology bonds.

Strengthened Chancellor's Office. The Chancellor's Office must be given the tools it needs to coordinate systemwide change. In order to fill staff positions with the best professionals from the field, the Office should be removed from Civil Service status. The Fund for Innovation should fund the additional staff and computer capability required.

■ *Policy Options*

The community colleges should scale up effective innovations to the system level in order to enhance learning and improve productivity and efficiency. The Legislature and the community colleges should:

- Set aside a fund to support innovation;
- Introduce performance-based academic standards and assessments;
- Train college personnel in modern management practices;
- Implement distance education, year-round operations, and other high utilization facility policies;
- Strengthen the Chancellor's Office capacity to direct and coordinate systemwide changes.

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INTEGRATING TECHNOLOGY FOR LEARNING

Issue

Both higher skills and increased productivity require extensive use of technology, but education has been slow to take advantage of the technological revolution.

Strategy 5. Integrate technology into curriculum and instruction throughout K-12 and the community colleges.

Despite substantial investments over the last decade, technology remains an underutilized "add on" in most schools and community colleges. California now ranks 44th among the states in the number of students per computer in schools. California cannot hope to create a well educated, highly skilled workforce for the 21st century unless we fully integrate advanced technology into learning at all levels.

Moreover, today's teaching methods are labor-intensive. Therefore, the quality of instruction depends largely on reducing class size. the budget squeeze, coupled with rapidly increasing enrollment, means that class size will rise. Quality will go down unless new learning technologies are used extensively to substitute for today's sole reliance on labor-intensive teaching methods.

Barriers to the full integration of learning technologies into education must be overcome, however. The main barriers are:

- **Resources are inadequate.** Substantial capital investment is needed to purchase essential equipment in adequate quantities. Even in tight budget times, hard investment choices must be made to produce the long-run savings available from using technology.
- **Little sense of need among educators.** Most teachers and administrators will not use technology until they need it to succeed in their mission.
- **Faculty are not skilled in uses of technology.** Most K-12 and community college faculty do not know how to use technology to enhance learning.

Policy Options

The following policy options address each of the above concerns. Taken together, they represent a sustained approach to integrating technology into California's education and training system.

Investing in Technology. The 1992 Legislature passed legislation for a Technology Master Plan, but the authorizing bill was not fully funded. *The Technology Master Plan should be fully funded*, providing approximately $500 million dollars to support K-12 courseware purchases and faculty development and approximately $150 million for similar purposes at the community colleges.

The Legislature should authorize *technology bonds* for hardware purchases, similar to the way capital construction bonds are now used. At the community colleges, these funds should be used, over a ten-year period, for systematically introducing Technology Centers, interactive learning systems, and information networking capability that will enable more students to learn with the guidance of fewer faculty. This increase in faculty productivity will enable more stu-

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dents to enroll without increasing state spending.

Investing in People. Strategy 4 proposed that the Legislature create a community college Fund for Innovation. *This Fund should be used for a major expansion of faculty development programs focused on technology, including Technology Specialists.* These specialists would work up to half time on courseware development and on providing expert support to other faculty.

At the K-12 level, new and redirected faculty development funds should be channeled into helping teachers invent active learning environments using technology. Further, the California Commission on Teacher Credentialing should *establish a Technology Specialist Credential.* The Board of Education should set a goal of having a cadre of technology specialists credentialed at every K-12 school within five years. Technology Specialists should be trained in teaching methods using technology, software and courseware evaluation, and computer system maintenance.

Investing in Distance Education. The community colleges' Board of Governors should set a goal of serving 20 percent of enrollment through distance education. Colleges should first concentrate on expanding the use of telecourses; next, they should phase in more interactive distance technologies. To facilitate this expansion, the Board should initiate an *Institute for Technology and Distance Education,* which would establish systemwide priorities, provide technical assistance and R&D, and work to strengthen intersegmental cooperation.

Investing in Networking. The timetable for establishing a K-12 telecommunications network should be advanced. The community colleges should join CSUNet to implement full networking capability throughout their system. Eventually, all education should be part of the same network.

■ *Policy Options*

Technology should be integrated into learning at all levels of the K-12 schools and community colleges. To accomplish this objective:

- The Legislature should authorize technology bonds to fund hardware purchases, fully fund the 1992 Technology Master Plan, and establish a set-aside from community college general funds;
- The K-12 system should establish the new faculty credential of Technology Specialist, channel existing and new staff development funds into technology training for teachers, and accelerate the development of a systemwide telecommunications network;
- The community colleges should greatly expand the use of distance education and of new cost-effective learning technologies, start an Institute for Technology and Distance Education, undertake major staff development for technology (including the new faculty position of Technology Specialist) and join the CSUNet.

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Goal 3

Support a Business Shift to High Skills, High Wages

Most California companies have not made the transition to the high skill, high wage organizations that California must have in order to compete effectively in the global marketplace.

If businesses in California are to increase their productivity and efficiency, pay high wages, and provide stable employment, they must embrace training programs that help them reorganize the way work is performed and substantially increase the skills of their workers.

Small and medium-sized employers find it particularly difficult to shift to high performance strategies. They do not usually have the resources to support workforce training, and they rarely have access to the technical assistance needed to help them pursue organizational change. Yet, these businesses employ 70 percent of the California workforce and account for a large fraction of all new jobs created in the state.

State policymakers have been slow to recognize the importance of providing assistance and incentives that could help overcome business reluctance to invest in high performance training. Thus, there is no concerted State plan for working with the private sector to create a high skill, high wage economy.

This section proposes two specific strategies through which the State can begin to move in a new direction. These strategies would focus state resources on the institutional and employee training that business needs in order to become more productive and efficient, and would create new resources to enlarge this effort. Specifically, the third goal is to:

Strengthen high skills training for innovative workplaces that yield improved quality and productivity, enhanced employment security, and income growth for workers.

The proposed strategies for realizing this goal are shown in the box on the opposite page and discussed in the following pages. The first strategy proposes that California's public higher education institutions be mobilized to support a private sector transformation to high skill, high wage workplaces. The strengths of these institutions have been under-utilized and insufficiently coordinated. Yet, they already provide the great bulk of advanced education and training in California, and many of their faculty have substantial experience in working directly with business and industry.

The second strategy addresses the need to add new resources to this endeavor. Borrowing from successful practices in other states, we propose to finance the development of human resources much as we now finance the development of physical infrastructure—through a mix of bonds, loans, and tax incen-

tives. We believe that the payoff to our workforce and to the economy from human resource development will make this strategy a wise investment in California's future.

These proposals are steps in the evolution of new attitudes. They encourage businesses to see their employees as valuable resources for increasing productivity, and they bring government in to facilitate, not dictate or regulate, a business shift to more competitive strategies.

Only when the public and private sectors are working together will the benefits of a comprehensive system of education, training, and employment pay off. Such a cooperative venture would be a critical catalyst for California's competitive resurgence.

■ *Strategies for Goal 3—Support a Business Shift to High Skills, High Wages*

1. **Mobilizing Higher Education.** Mobilize higher education to help businesses become high-performance workplaces.
2. **Generating Resources.** Use bonds, loans, and tax incentives to create additional resources for high skills training.

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MOBILIZING HIGHER EDUCATION

■ ***Issue***

Economic vitality requires businesses to become high-performance organizations, but they need assistance to make the shift.

Strategy 1. Mobilize higher education to help businesses become high performance workplaces.

Though increasingly squeezed by growing demand and diminished public funding, public higher education in California continues to be the strongest system of its kind in the world. The eight general campuses of the University of California, 20 campuses of the California State University, and 107 community colleges represent an extraordinary pool of talent and expertise that has long been a mainstay of the state's economy.

Each segment is particularly noted for some key activities that are directly relevant to economic development. The community colleges provide vocational and technical education, extensive employee training tailored to company needs, and specialized technical assistance and technology transfer services to business. CSU provides advanced professional training and re-training as well as technical assistance and technology transfer services, and is the primary public sector source of applied research. And UC has a well-deserved international reputation for outstanding basic research that has spawned entire new California industries.

In light of the state's urgent needs, higher education programs should be examined to see how each segment's contribution might be further leveraged to enhance California's economic development and social harmony. Moreover, the higher education segments have not collaborated systematically to advance economic development in California. By combining forces, the segments together could have an impact that is greater than they each could have separately.

Policy Options

The Governor should take the lead in mobilizing the states' colleges and universities to play a principal role in facilitating a business transition to high performance workplaces. The following options highlight steps that could be taken.

Intersegmental Planning. The segments should develop a strategic intersegmental plan for collaborative activities that support a business shift to high skill, high wage workplaces. The plan should establish the most appropriate division of labor among the segments, given their particular strengths; coordinate segment activities in this area with the activities of other agencies and institutions such as the Employment Training Panel, the Department of Trade and Commerce, and EDD; take into account differences in local and regional business needs; and formulate a strategy for using state funds to leverage the development of additional resources.

As one step toward cooperation, the community colleges should work with CSU to form

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intersegmental training teams with varied specialties. CSU experts, for example, might take the primary responsibility for training employees at advanced professional levels, such as engineers or systems analysts, while community college faculty might work with employees at the same company who have less advanced degrees.

The Role of Community Colleges. Accelerating assistance to business should not await long-range intersegmental planning efforts. The community colleges are well positioned to move forward on an urgent basis. Located in virtually every community in California, they now have a single point of access (EDxNet) for brokering training contracts. Individual colleges also have entrepreneurial efforts underway with business. The colleges should focus their economic development activities immediately and establish training and assistance to business for high skill, high wage strategies as a high priority. The colleges should consider

- working with business to diagnose problems, assess training needs, and design training programs;
- acting as brokers to help identify and obtain training funds;
- acting as fiduciary agents to secure and manage training funds and monitor fund expenditures and repayments;
- linking business to information databases on technology transfer, training, and long-range business planning;
- training businesses on how to transform organizational cultures.

To facilitate this role for the colleges, the Chancellor's Office should provide funding support and technical assistance, and establish these college services to business as a high priority for the use of community college economic development funds.

■ *Policy Options*

The Governor should mobilize higher education to play a leading role in the State's strategy to support business' shift to high skill, high wage workplaces. To do so:

- **Community colleges, CSU, and UC should develop a strategic plan to collaborate in support of business' shift to high-performance organizations;**
- **Community colleges should help businesses identify needs, develop plans, acquire training resources, and provide organizational and employee training.**

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GENERATING RESOURCES

■ ***Issue***

More dedicated resources are needed to support a business shift to high skill, high wage workplaces.

Strategy 2. Use bonds, loans, and tax incentives to create additional resources for high skills training.

Most high skills training is supported by those large companies that see the need to transform their organizations and invest in expanding the knowledge and skills of their front-line workers. Large companies have enough employees to afford the time required for training during work hours, and they are large enough to provide career opportunities within their firms for employees. Smaller firms often fear that employees who obtain higher skills at company expense will move on to other jobs, possibly with competitors.

It is in the interest of California's economic revitalization that small and medium-sized firms receive assistance to increase the skills of their workers and help them transform their workplaces. As the figure on the next page shows, less than three percent of some three billion state and federal dollars spent on job training in California is specifically aimed at enhancing workforce productivity. However, the state budget already faces heavy demands and has no resources for additional investments. Nor, in California's depressed economy, would it be wise to impose new payroll taxes to support additional training.

New resources to support high-performance training must be found, but they must be created in other ways.

Policy Options

California should generate new resources for training by issuing bonds or certificates of participation to pay for training, providing loans to businesses for employee training, and creating tax incentives for business to support high skills training linked to workplace transformation. This strategy could allow California to focus substantial new resources on training that is the key to the state's economic future, without placing an additional strain on the state budget, as explained below.

Tax Exempt Bonds, Certificates of Participation, and Low-Interest Loans. California could provide training funds directly to individual businesses by issuing financial instruments whose repayments would come from increased tax revenues generated by the recipient businesses. For example, individual firms could receive funds for training from the sale of training certificates or bonds, which would be repaid through the diversion of increased tax revenues generated by the firms' higher productivity. The community colleges could provide a mechanism for ensuring that these resources would be used effectively. The colleges could work with business to develop training plans and could certify to the State that the business training plans are viable and eligible for bond, certificate, or loan funds. The loans could come from a revolving fund created by the Legislature, consisting of appropriations and loan repayments.

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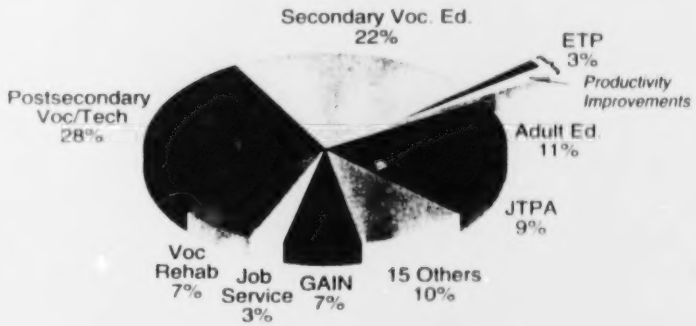
Forgivable Loans. A forgivable loan program could focus training resources at those small and medium-sized businesses which must change what they produce in order to compete—particularly businesses attempting to convert from defense-related manufacturing to consumer goods. The loans could be forgiven for any company that completed the targeted training program and showed that the training was related to production conversion. Loan funding could be provided from the interest paid on low-interest training loans and from an additional set-aside from increased tax receipts resulting from productivity improvements and higher profits.

Tax Incentives. A program of tax credits for training could be aimed at providing incentives for firms to add their own money to public training funds. The availability of tax credits should be restricted to firms that have workplace transformation objectives as a key part of their training goals—e.g., where training is linked to changes in production systems such as more flexible work rules and greater use of autonomous teams.

A Low Percentage of California's Training Dollars Are Used to Enhance Productivity



■ *Policy Options*

The Legislature should authorize a range of new initiatives designed to create additional training resources without burdening the state budget. California should:

- Issue tax-exempt bonds or certificates of participation to pay for training;
- Provide low-interest loans for retraining to increase productivity and support organizational transformation;
- Provide forgivable loans to businesses that must retrain employees in order to make a transition to new forms of production;
- Provide tax incentives to businesses that invest in high skills training linked to workplace reforms or participate in approved school-to-work transition programs.

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Summary of Goals, Strategies, and Policy Options

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SUMMARY OF GOALS, STRATEGIES, AND POLICY OPTIONS

Goal 1: Create a Coherent System

Create a coherent education and training system, so that K-12 education, community colleges, the four-year education institutions, employment services, and job training programs operate under a common policy framework and provide clear pathways and transitions to high skill careers for all Californians.

Strategy 1. An Education and Economic Development Council.

Appoint an Education and Economic Development Council to develop a common policy framework that will guide education and training and link it to employment.

Policy Options

The Governor should appoint the Council; its members would include high-level business, labor, education, departmental, and legislative leaders. The Council would:

- Formulate a plan that links education and training to the state's economic development, establishes a common policy framework, recommends resource allocation strategies, and proposes a shift to performance-based accountability;
- Serve as a temporary advisory body.

Strategy 2. A Legislative Master Plan.

Develop a legislative Master Plan for all education and training.

Policy Options

The Legislature should revise the Master Plan for Higher Education and extend it to include all post-10th grade schooling and employment training. The Master Plan should:

- Consider making community colleges the point of entry to higher education for most students;
- Develop a student fee policy related to actual cost of instruction;
- Strengthen education's link to economic development;

- Direct UC and CSU to develop plans for campus specialization;
- Establish a revised system of certificates and degrees for education and training after grade 10 (see Strategy 3);
- Concentrate responsibility for Adult Basic Education in a new State authority that would contract with providers (see Strategy 4).

Strategy 3. An Infrastructure of Certificates and Degrees.

Build an infrastructure of professional-technical certificates and academic degrees that provide all Californians with clear pathways to higher skill jobs.

Policy Options

Educational institutions, in conjunction with business and labor, should establish a system of certificates and degrees that provide transition ladders going from the foundation skills to advanced higher skills in different careers, including:

- Certificate of Foundation Skills, awarded for successful high school or Community Academy assessment;
- Diploma of Academic or Technical Merit, a postsecondary degree awarded in different industry or career fields after about three years of study;
- Certificate of Professional Competence, awarded in an industry or career field signifying the achievement of Journeyman level in the profession;
- Professional Master's Degree, awarded in an industry or career field signifying the achievement of Master level in the profession.

Strategy 4. Organizing Adult Basic Education.

Reorganize literacy education for adults to provide them with better learning opportunities linked to employment and postsecondary education.

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Policy Options

The Legislature should establish a contracting authority for Adult Basic Education that would oversee the provision of ABE services throughout the state. All programs would be:

- Called Community Academies, regardless of deliverer;
- Provided three- to five-year contracts, renewable based on student performance;
- Required to award the Certificate of Foundation Skills for successful completion of Academy programs;
- Articulated with community colleges, guaranteeing access to higher education.

Strategy 5. Providing One-Stop Services.

Establish Workforce Transition Centers for education, training, and employment services that integrate all local, state, and federal programs and provide one-stop services for individuals.

Policy Options

The State should provide support and incentives for communities to form local Workforce Transition Centers whose key features would be:

- Grass-roots efforts with voluntary local collaboration;
- Integrated services;
- Education linked to high skill jobs and community development;
- Information moved, not people.

Goal 2: Upgrade Education and Training to World-Class Standards

Upgrade education and training to world-class standards, so that all Californians obtain the core education and advanced knowledge and skills they will need for high wage jobs and employment security in California's 21st century economy.

Strategy 1. Setting Standards.

Set industry-wide skill standards benchmarked to world-class levels.

Policy Options

The business community, in conjunction with labor and education, should take the lead in establishing skill standards and certifications for careers and job clusters in major California industries. The State should facilitate this process by helping industries to:

- Establish voluntary Industry Workforce Development Consortia to set standards and establish procedures for assessment and certifications;
- Form an Industry Skill Standards and Certification Panel to oversee standards and certification.

Strategy 2. Shifting to Performance-based Accountability.

Establish performance-based accountability, reduce regulations, and develop incentives for excellence for local education institutions and job training providers.

Policy Options

The Education and Economic Development Council and the Master Plan should develop policies for moving the state's education and training system from accountability based on inputs to accountability based on student performance. California should:

- Support performance-based assessments;
- Fund education on the basis of outcomes, rather than inputs;
- Eliminate unnecessarily restrictive regulations on the delivery of education and training;
- Expand the use of charter schools.

Strategy 3. Accelerating K-12 Reform.

Accelerate the reform of K-12 by committing to the goal of universal early childhood education, pursuing a paradigm shift in approaches to learning, and guaranteeing a career head start for all students.

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Policy Options

1. Establish the Foundation for Learning.

The State should establish a policy of universal early childhood education. In light of limited resources, this goal must be approached in stages:

- Phase in subsidies for four-year-olds from poor families to attend public or private preschools;
- Fund only preschools accredited as meeting high ECE standards;
- Restructure K-2 into developmentally appropriate instruction.

2. Shift to an Active Learning Paradigm.

The State should encourage schools to develop active learning environments for all students and to become high-performance workplaces. The State should follow policies that:

- Establish high standards for all students;
- Shift to performance-based accountability and eliminate excessive regulations;
- Incorporate new learning technologies;
- Institutionalize staff development for continual teacher growth;
- Support, evaluate, and disseminate information about effective grass-roots educational model from SB 1274 to charter schools.

3. Guarantee a Career Headstart for All Students.

The Legislature and the Board of Education should establish the following series of requirements that set a mandatory structure for a school-to-career transition system:

- Require a Certificate of Foundation Skills for advancement;
- Provide accelerated learning opportunities for students having difficulty passing the tenth grade assessment;
- Require transition programs for every student at every high school;
- Phase in this restructuring over five years;
- Initiate Career Pathways Demonstration.

Strategy 4. Innovating at Community Colleges.

Introduce systemic innovations to enable community colleges to become more effective, productive, and efficient.

Policy Options

The community colleges should scale up effective innovations to the system level in order to enhance learning and improve productivity and efficiency. The Legislature and the community colleges should:

- Set aside a fund to support innovation;
- Introduce performance-based academic standards and assessments;
- Train college personnel in modern management practices;
- Implement distance education, year-round operations, and other high utilization facility policies;
- Strengthen the Chancellor's Office capacity to direct and coordinate systemwide changes.

Strategy 5. Integrating Technology for Learning.

Integrate technology into curriculum and instruction throughout K-12 and the community colleges.

Policy Options

Technology should be integrated into learning at all levels of the K-12 schools and community colleges. To accomplish this objective:

- The Legislature should authorize technology bonds to fund hardware purchases, fully fund the 1992 Technology Master Plan, and establish a set-aside from community college general funds;
- The K-12 system should establish the new faculty credential of Technology Specialist, channel existing and new staff development funds into technology training for teachers, and accelerate the development of a systemwide telecommunications network;
- The community colleges should greatly expand the use of distance education and of new cost-effective learning technologies, start an Institute for Technology and Distance Education, undertake major staff development for technology (including the new faculty position of Technology Specialist) and join the CSUNet.

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Goal 3: Support a Business Shift to High Skills, High Wages

Strengthen high skills training for innovative workplaces that yield improved quality and productivity, enhanced employment security, and income growth for workers.

Strategy 1. Mobilizing Higher Education.

Mobilize higher education to help businesses become high-performance workplaces.

Policy Options

The Governor should mobilize higher education to play a leading role in the State's strategy to support business' shift to high skill, high wage workplaces. To do so:

- Community colleges, CSU, and UC should develop a strategic plan to collaborate in support of business' shift to high-performance organizations.
- Community colleges should help businesses identify needs, develop plans, acquire training resources, and provide organizational and employee training.

Strategy 2. Generating Resources.

Use bonds, loans, and tax incentives to create additional resources for high skills training.

Policy Options

The Legislature should authorize a range of new initiatives designed to create additional training resources without burdening the state budget. California should:

- Issue tax-exempt bonds or certificates of participation to pay for training.
- Provide low-interest loans for retraining to increase productivity and support organizational transformation.
- Provide forgivable loans to businesses that must retrain employees in order to make a transition to new forms of production.
- Provide tax incentives to businesses that invest in high skills training linked to workplace reforms or participate in approved school-to-work transition programs.

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